



U.S. Department of State FY 2000 Country Commercial Guide: West Bank and Gaza

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

II. ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook
Principal Growth Sectors
Government Role in the Economy
Balance of Payments Situation
Infrastructure Situation

III. POLITICAL ENVIRONMENT

Nature of the Political Relationship with the United States
Major Political Issues Affecting Business Climate
Brief Synopsis of Political System

IV. MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels
Product Pricing
Use of Agents and Distributors; Finding a Partner
Franchising
Direct Marketing

Joint Ventures/Licensing
 Steps in Establishing an Office
 Selling Factors/Techniques
 Advertising and Trade Promotion
 Pricing Product
 Sales Service/Customer Support
 Selling to the Government
 Protecting Your Product from IPR Infringement
 Need for a Local Attorney
 Due Diligence

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

Best Prospects for Non-Agricultural Goods and Services
 Best Prospects for Agricultural Goods and Services
 Significant Investment Opportunities

VI. TRADE REGULATIONS AND STANDARDS

Trade Barriers: Tariffs, Non-Tariff Barriers, and Import
 Taxes
 Customs Regulations
 Import Licenses
 Temporary Entry of Goods
 Import/Export Controls and Documentation
 Labeling and Marking Requirements
 Prohibited Imports
 Standards
 Free Trade Zones/Warehouses
 Special Import Provisions
 Membership in Free Trade Arrangements

VII. INVESTMENT CLIMATE

Openness to Foreign Investment
 Right to Private Ownership
 Protection of Property Rights
 Transparency of the Regulatory System
 Corruption
 Labor
 Efficiency of Capital Markets and Portfolio Investment
 Palestinian Securities Exchange
 Conversion and Transfer Policies
 Expropriation and Compensation

Dispute Settlement
 Political Violence
 Bilateral Investment Agreements
 OPIC and Other Investment Insurance Programs

Foreign Direct Investment Statistics

VIII. TRADE AND PROJECT FINANCING

Brief Description of the Banking System
 Foreign Exchange Controls
 General Financing Availability
 How to Finance Exports/Methods of Payment
 Types of Available Export Financing and Insurance
 Project Financing
 List of Banks with Correspondent U.S. Banking Arrangements

IX. BUSINESS TRAVEL

Business Customs
 Travel Advisories and Visas
 Holidays
 Business Infrastructure

APPENDICES

Appendix A. Basic Data
 Appendix B. Domestic Economy
 Appendix C. Trade Data
 Appendix D. Palestinian Authority and Local Contacts
 Appendix E. U.S. Embassy, U.S. Consulate General,
 and Trade-related Contacts
 Appendix F. Market Research

I. EXECUTIVE SUMMARY

Ongoing reconciliation between Israel and the Palestinians
 and growing control by the Palestinian Authority (PA) over

economic and commercial policy have contributed to the creation of a distinct and increasingly separate market among Palestinians in the West Bank and Gaza Strip (WB/G). This evolving Palestinian responsibility on the economic and commercial fronts has led to greater cooperation between Israeli and Palestinian trade ministries, with trade officials from both sides meeting regularly to address outstanding issues. Many high-profile U.S. companies such as Coca-Cola, Procter and Gamble, and Hewlett Packard have responded to the changing commercial situation by creating distinct operations in the WB/G. The PA has encouraged this commercial orientation through regulations mandating the creation of direct agencies and distributorships for the WB/G. While major issues, such as conflicting import standards and the movement of goods through Israeli ports, continue to inhibit foreign trade, the enhanced communication developed over the last few years between Palestinian and Israeli authorities bodes well for the future of trade in the region.

The U.S. Government (USG) supports the development of the Palestinian economy and strongly encourages U.S. companies to explore commercial opportunities in the WB/G. It has pledged to do everything it can to ensure the success of the peace process, firmly believing that a strong Palestinian economy is key to that success. To strengthen U.S.-Palestinian business ties and to promote Palestinian economic development, the U.S. allows duty-free entry of items produced in or imported from the West Bank, Gaza Strip, and qualifying industrial zones. Correspondingly, the PA has pledged to the U.S. that it would provide, to the extent of its authority, duty-free entry for all U.S. products into WB/G. An exchange of letters between the governments of the United States and Israel has affirmed Israeli support for the U.S. decision to provide duty-free treatment to WB/G.

WB/G are home to approximately 2.8 million Palestinians, with population growth estimated at about 3.9 percent. Despite relatively low incomes, a growing middle/upper-middle class is developing there, due in large part to the recent influx of formerly diaspora-based Palestinian investors and technocrats. This class seeks high-quality consumer goods and is very familiar with specific American products, brands, and franchises. The influence of these

returning Palestinians opens the door to substantial opportunities for U.S. companies in developing franchising, distributorship and sales relationships with WB/G companies, particularly in the areas of fast food, hardware, hospitality, and office supplies.

International donor investment in basic and social infrastructure in WB/G presents considerable opportunities for U.S. contractors in these fields. The international donor community has pledged several billion dollars over the next five years. The U.S. Agency for International Development (USAID) is slated to receive approximately \$775 million in funding for WB/G over the next five years. Projects focus primarily on the provision of basic infrastructure and supporting the private sector through investment and policy interventions. Priority projects include, but are not limited to, large-scale water drilling and distribution, and construction and management of industrial parks throughout the WB/G. The opening of the Gaza Industrial Estate offers investment incentives for U.S. companies interested in greater accessibility to regional, Gulf, and European markets, and related exports of U.S. products.

Given complex jurisdiction arrangements over some areas of the West Bank and related differing investment, trade, and customs regulations, U.S. companies who wish to trade with or invest in WB/G should contact the U.S. Commercial Service in Tel Aviv and Jerusalem to discuss specific arrangements. American businesses seeking to establish either investment and/or joint venture arrangements should work with a local partner and the U.S. Commercial Service throughout the approval process.

CCGs are available on the National Trade Data Bank on CD-ROM or through the Internet. Please contact Stat-USA at 1-800-STAT-USA for more information. To locate Country Commercial Guides through the Internet, please use the following worldwide web address: www.stat-usa.gov. CCGs can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS.

II. ECONOMIC TRENDS AND OUTLOOK

This is a guide on export and investment opportunities in the WB/G. As the peace process between Israelis and Palestinians evolves, so, too, does the commercial and economic environment in the WB/G. U.S. firms should be aware that various Israeli and Palestinian responsibilities are likely to change, based on ongoing bilateral discussions at both the technical and political levels. U.S. business representatives should contact the U.S. Embassy in Tel Aviv or the Consulate General in Jerusalem (see Appendix E) for the latest information on Palestinian economic and trade regulations and procedures.

Major Trends and Outlook

With the White House signing of the "Declaration of Principles on Interim Self-Government Arrangements" in September, 1993, Palestinians in WB/G began a new era of increasing political and economic responsibilities. Subsequent Israeli redeployment from most of the Gaza Strip and the major West Bank urban areas of Jericho, Nablus, Jenin, Tulkarem, Ramallah, Bethlehem, and most of Hebron extended PA control over a majority of the Palestinian population in WB/G. In democratic elections in January, 1996, Yasser Arafat won 90% of the vote for the position of Ra'ees (which can be translated variously as "chairman" or "president"). His political party, Fatah, won more than 80 percent of the vote for seats in the 88-member Council, which now meets weekly and is usually filled with lively, sometimes even raucous, debate.

Under the terms of the Protocol on Economic Relations ("Paris Economic Protocol" or "Paris Agreement") signed on April 29, 1994, the PA has responsibility for key economic spheres. Within certain parameters, the Paris Protocol gives the PA the lead on trade, investment, internal transportation and infrastructure, banking, industry, taxation, and other economic and commercial issues. The PA inherited a hodge-podge of Jordanian, Egyptian, and Israeli laws and even regulations dating from the period of the British Mandate but has made some progress in drafting and instituting a modern, unified legal and regulatory structure to stimulate private-sector activity and investment.

Despite the markedly enhanced responsibilities and capabilities of PA ministries and other institutions, WB/G remain highly dependent on Israeli supplies, labor markets, and export opportunities. About 85 percent of Palestinian annual imports are purchased from Israel, and all Palestinian exports must go through Israel or Israeli-controlled checkpoints. Israeli shekels are used for most day-to-day transactions, although the Jordanian dinar is also considered to be legal tender and is frequently used for large purchases, such as buying real estate. Repatriated wages from Palestinian day laborers in Israel provide much of the cash that sustains local businesses, so the Palestinian economy in the WB/G is highly vulnerable to Israeli policies. Since 1993, travel of Palestinians and their vehicles into Israel has been limited to those able to obtain an Israeli permit or those willing to skirt the checkpoints and enter Israel illegally. During periods of heightened security concern, usually after terror attacks, even those with permits are prevented from entering. (This latter situation is known as "comprehensive closure.") Given the WB/G's overwhelming dependence on Israel, closure -- particularly comprehensive closure -- is devastating to the Palestinian economy. However, instances of comprehensive closure have decreased markedly in recent months, even after terror incidents.

Political-economic conditions make hard statistical data problematic. Gross Domestic Product (GDP) in the WB/G is generally estimated at \$4.0 billion, less than 5 percent of Israel's \$90 billion economy. Compared to real growth from the 1970's to the mid-1980's, GDP significantly declined during the period of the Intifada, which began in December, 1987, as well as from 1993 to 1997. Several factors came into play: dislocations caused by the Intifada, the loss of remittances following expulsion of Palestinians after the Gulf War, a reduction in work permits for Israel from over 100,000 before 1990 to some 70,000 in 1998, and the economic impact of closure. In 1998, the economy showed signs of recovery; economists estimated GDP growth of about 4.0 percent and the first rise in per capita income levels since 1994. The recovery continued in 1999. According to IMF figures, unemployment in WB/G in 1998 was 14.5 percent. In general, unemployment and poverty levels tend to be higher in the Gaza Strip, an area about twice the size of the District of Columbia, where population density and scarce resources exacerbate economic problems occasioned by

closure.

There has been a substantial increase in imports of consumer goods, particularly small electronic appliances, food products, clothing, and shoes. This increase may be due to a growing "gray market" based on unreported production and income as well as to closer ties between Palestinians living in WB/G and those living in the U.S. Moreover, since the beginning of reconciliation between Israelis and Palestinians in September, 1993, diaspora Palestinians have begun to transfer funds to WB/G for investment and residential/commercial construction.

Investment in housing has been strong since the 1980's, and the sector comprises 20 percent of GDP compared to 7 percent in similar societies. A boom in housing construction in both Gaza City and Ramallah in the West Bank since the signing of the Declaration of Principles in September, 1993, is only now showing signs of a construction slowdown. Most housing construction is privately financed and benefits the middle and upper classes, including many diaspora Palestinians.

Affordable housing is a serious problem for the lower-middle and lower classes, particularly in Gaza. Land prices in urban areas of the West Bank have skyrocketed since September, 1993, mainly because only five percent of land is zoned for development. In Gaza, land prices remain high because of the dense population and extreme land scarcity. Virtual integration of Palestinian labor into the Israeli economy makes wages in WB/G, while low compared to Israel, relatively high for the region.

Principal Growth Sectors

Continuation of the Israeli-Palestinian peace process and the gradual assumption by Palestinians of greater control over their own economy will almost certainly encourage continuing international donor efforts to support economic and social needs in the WB/G. Infrastructure development, both publicly and privately financed, will be a major growth sector in WB/G over the next five years. Projected major projects include a port in Gaza; electric power generation; and the expansion of telecommunications infrastructure, equipment, and services. The first phase of the Gaza port project will cost an estimated \$69.5 million, with the Dutch and French Governments and the

European Investment Bank providing together about \$61 million. Public and private investment is needed for upgrading and expanding sanitation, waste disposal, and water services, as well as upgrading WB/G roads. Private and public contractors will be seeking suppliers of competitively priced equipment, machinery, and raw materials for these major infrastructure projects.

Private housing construction should also show strong growth; there will be continuing high demand for low- and lower middle-income families. While local builders and engineers can meet much of this demand at comparatively low prices, innovation in low-cost, multi-family housing construction is needed from outside sources. There is a growing trend, particularly in Gaza, toward building large commercial and residential towers rather than one- or two-storey buildings. Companies that can produce low-cost construction inputs in high volume should consider marketing and distribution options in WB/G.

Recent investment in productive assets is extremely low, 1-4 percent of GDP. In 1990, manufacturing made up only 7.4 percent of per capita GDP, compared to 13 percent in Jordan. Manufacturing employment accounts for 15.5 percent of total employment in WB/G. Capacity utilization averages 56 percent.

Companies in the WB/G are small by world standards; 90 percent of all firms employ fewer than eight people. The manufacturing sector is projected to show strong growth, as Palestinians assume greater control over their political and economic lives. Widening regional cooperation should open export markets for Palestinian goods.

Expansion is expected in light industry and low-tech electrical assembly, such as car dashboard and electronic goods assembly, as well as in the manufacture and export of processed foods, pharmaceuticals, textiles, shoes, hardware, wood and cane furniture, plastics, and housewares. Construction inputs such as cement and steel products also will be in heavy demand. The relatively high education level of the workforce in comparison to that in Jordan and Egypt should give WB/G a competitive advantage in industries requiring technical expertise.

The agricultural sector employs about 12 percent of WB/G workforce, accounting for 30 percent of West Bank GDP and

25 percent of Gaza GDP. The sector has excellent growth potential, particularly for providing inputs to the local food processing industry.

Local entrepreneurial talent, climatic conditions, and a sound technological base are all relative strategic advantages in agriculture. However, the ultimate growth potential for this sector depends in part upon the willingness of Israel and neighboring countries to lower agricultural trade barriers or, at least, to allow the transit of Palestinian agricultural goods to Europe and the Gulf.

Non-government services account for 40 percent of WB/G GDP. Tourism in Israel is expected to grow to about 2.5 million visitors annually by the year 2000. Tourism in WB/G is also expected to grow, but in both locations it depends heavily on security issues and, in the West Bank, on whether the PA can obtain land and building permits from Israel. Franchising and distributorships are becoming increasingly popular, with the best prospects in hardware, computers, electronics and office equipment, fast food, amusement and "theme" parks, and small business services like copying and printing.

While some Arab banks have already set up offices in WB/G, the financial services market remains relatively undeveloped. Correspondence and other international banking relationships are developing. Some observers believe that banking services in the WB/G will show especially strong growth in the offshore sub-sector because the PA allows the holding of foreign currency accounts.

Government Role in the Economy

The PA has pledged to promote the private sector, which accounts for over 80 percent of WB/G GDP, and to allow private management of major infrastructure systems, such as power and telecommunications.

Unlike other developing regions, WB/G do not have a history of government ownership of large sectors of the economy. Under pressure from foreign donors and domestic private sector companies, the PA has begun to relax its monopolies

on the import and distribution of certain essential commodities such as cement.

Currently, the PA, including Chairman Arafat and various ministers, plays a major role in the approval process for large-scale private commercial projects. Often, several ministries share responsibility for major projects, so U.S. businesses must be sure to talk to all relevant ministries when competing for contracts.

Current investment law requires that new investments be registered with the PA and approved by the relevant ministries. Prior approval by the PA Council of Ministers is required for certain types of investments. (See Section VII regarding Investment Law specifics.)

Balance of Payments Situation

Statistical trade data is imprecise due to the nature of the Israeli-Palestinian border, but clearly a large -- and growing -- WB/G trade deficit exists, one estimated by the respected Palestinian Central Bureau of Statistics (PCBS) at nearly 50 percent of GDP in 1997. PCBS estimates that WB/G merchandise exports declined from a peak of \$403 million in 1981 to \$381 million in 1997. With 1997 imports climbing to \$2.164 billion, this leaves a trade deficit of \$1.783 billion. One particularly vexing problem is the growing difficulty of conducting trade between the West Bank and Gaza Strip because of Israeli policies. Up to now, nearly 85 percent of all WB/G imports comes from Israel; three percent comes from other Arab countries, and about nine percent comes from the U.S. and the EU. For the same period, about 94 percent of WB/G exports go to Israel and only five percent to Arab countries.

Infrastructure Situation

Infrastructure -- especially water/power systems; and sanitation, road, and telephone networks -- needs substantial upgrading and expansion.

Utilization of WB/G water resources must be expanded to sustain private sector development. Electricity consumption is low compared to per capita income: kWh per capita is 680 in WB/G, compared to 1,054 per capita in Jordan and 815 per capita in Egypt.

The ratio of telephone subscribers to population is estimated at 1:23 in WB/G compared to 1:15 in Jordan and 1:36 in Egypt. Lack of adequate physical infrastructure for electric power and an insufficient power supply cause work stoppages in most WB/G firms.

III. POLITICAL ENVIRONMENT

Nature of the Political Relationship with the United States

The United States and the Palestinians have an excellent working relationship. Extensive contacts focus on the shared goal of a negotiated settlement to the Arab-Israeli conflict and the establishment of regional peace, security, and economic prosperity.

The U.S. has facilitated negotiations between Israelis and Palestinians since the 1991 Madrid Middle East Peace Conference. On September 13, 1993, the U.S. hosted PLO Chairman Arafat and Israeli Prime Minister Rabin when they signed the Declaration of Principles in Washington, D.C.

On September 28, 1995, the U.S. again hosted the parties when they signed the Israeli-Palestinian Interim Agreement mandating the gradual redeployment of Israeli forces from parts of the West Bank and expanded Palestinian self-rule. The U.S. facilitated subsequent negotiations that led to a January 17, 1997 agreement on redeploying Israeli troops from most of Hebron.

After an eighteen-month hiatus in negotiations, the U.S. hosted negotiations in October, 1998, which led to the signing of the Wye River Memorandum. This agreement calls for further redeployments, prisoner releases, the opening of a Palestinian airport and seaport, two safe-passage crossings between the West Bank and the Gaza Strip, and various Palestinian security measures. After implementing the first of the Wye River Memorandum's three stages, the process was frozen by the then-Israeli government. The process resumed again under the new Israeli government. On September 4, 1999, Israel and the Palestine Liberation Organization signed the Sharm el-Sheikh Memorandum. Steps forward resulting from this agreement include to date further redeployments in the West Bank, the opening of one safe passage route, agreement on commencement of the

constructing of Gaza's seaport, and resumption of permanent status negotiations.

The USG has pledged to do everything it can to ensure the success of the peace process, firmly believing that a strong Palestinian economy is key to that success. Hence, in addition to its role as a facilitator in the negotiations, the U.S. has taken a lead role in ensuring international donor support for WB/G.

In September, 1994, a year after the Declaration of Principles was signed, the U.S. hosted a Donors Conference, where international donors pledged \$2.4 billion over a five-year period. As this funding period entered its last year, the U.S. hosted another Donors Conference in November, 1998, following the signing of the Wye River Memorandum, in which approximately \$3 billion in further aid was pledged over five years.

Major Political Issues Affecting the Business Climate

Three major political issues affect the business climate in WB: 1) the rate of progress in reaching and implementing Israeli-Palestinian agreements; 2) Israeli security measures to prevent acts of terrorism; and 3) the potential for clashes between Palestinian demonstrators and Israeli security forces. These issues have a major effect on the willingness of businesses to invest in WB/G. Of particular concern is the free flow of goods and workers both within WB/G and between these areas and Israel.

The business environment is also negatively affected by the plethora of laws that still apply in WB/G. Personal status laws (marriage, divorce, and inheritance) are derived from religious law. Other sectors are governed by a combination of Ottoman, British Mandate, Egyptian, pre-1967 Jordanian, and new PA laws as well as Israeli military orders. While it is usually possible to determine what laws apply in particular situations, the applicable law in a specific instance is often applied differently in the West Bank than it may be in the Gaza Strip. The PA is in the process of updating commercial laws, but many important pieces of legislation remain in draft.

Brief Synopsis of Political System

The Palestinian Authority is headed by Yasser Arafat, who exercises executive power. The Palestinian Council (PC) exercises legislative power. The PC and the Chairman of the Executive Authority assumed power in January, 1996, elections that saw voter turnout surpass 80% in most areas, a figure that attests to the strong grassroots tradition of democratic political participation inherent in Palestinian society.

The PC's first order of business was to elect a Speaker, Ahmad Qurei (Abu Ala). He sets the agenda of each PC session, presides over its meetings, administers the general work of the PC and its committees, and both calls for votes and announces voting results.

In its first few years, the PC has been working on a draft Basic Law to codify governance procedures during the interim period and a Municipal Election Law to regulate the election of new municipal councils, last elected in WB/G in 1976. The PC is also drafting laws governing the formation of parties and political participation and the registration of non-governmental organizations.

The composition of the PC reflects a range of political perspectives represented by distinct political groupings that include secular moderates, leftists, and Islamists. Political support for groups that support the peace process has been steadily growing. However, Islamic extremists and rejectionist groups such as the Palestinian Islamic Jihad and Hamas continue to oppose the peace process.

The Declaration of Principles provided that the PC and the Chairman of the Executive Authority were to govern for a transitional period not exceeding five years. In April, 1999, the PC affirmed a de facto extension of the term of this transitional period.

Peace process diplomacy has now resumed in full force under the new Israeli government, as both sides remain committed to reaching a peace agreement. Negotiations will focus on implementing the Wye River Memorandum and reaching a comprehensive agreement on permanent status.

IV. MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels

The WB/G population is heavily concentrated in or near the urban centers of Gaza City and Khan Yunis in Gaza and four major towns of Nablus and Ramallah in the northern part of the West Bank and Bethlehem and Hebron in the southern part of the West Bank. The area has no indigenous ports or freight-handling airport, so goods must transit either Israeli, Jordanian, or Egyptian ports. The PA, Israel, Jordan, and Egypt have concluded agreements to allow goods through the Rafah Crossing from Egypt into Gaza and across the Allenby Bridge from Jordan into the West Bank markets.

Delays for products entering or exiting WB/G are common, due in large part to Israeli security checks. Most products entering or exiting Gaza transit the Erez/Beit Hanoun or Qarni/al Muntar checkpoints.

Time-consuming Israeli security checks can cause delays, but modern pallet-scanning equipment now in use at the Qarni/al Muntar checkpoints (opposite the new state-of-the-art Gaza Industrial Estate) has much improved the situation there. Both Israelis and Palestinians recognize the need to move goods faster and in greater quantities, while fully addressing Israeli security concerns. Several options are under study.

Most goods are sold in small retail outlets in WB/G towns. Local consumers are price-conscious, although American brand names are more important than price for more westernized upper-middle class consumers. Moreover, even with shipping costs, American-made consumer products are sometimes cheaper than relatively high-priced comparable Israeli items currently being sold in Palestinian stores.

In 1997, the PA issued a regulation requiring that products intended for sale in WB/G be labeled in Arabic. Wholesale channels and generic sales are not well developed. We expect these channels to expand over the next several years, as they have in the neighboring Israeli market.

U.S. companies are strongly advised to work with local clearing agents to expedite goods through the customs-clearing process. Currently, only Israeli firms are licensed as customs-clearing agents, a situation that may change in the future.

Use of Agents and Distributors; Finding a Partner

Given the complexity of the local economic and commercial environment, it is strongly recommended that U.S. exporters who wish to market their goods in WB/G use local agents and distributors to obtain maximum sales exposure to the local market. From 1967 through 1995, Israeli companies and Israeli affiliates and franchisees of foreign companies, to a large extent, held the rights for agencies and distributorships in the WB/G.

The establishment of the PA and its increasing control over the Palestinian economy caused many companies to begin reorienting their marketing efforts and to acknowledge the Palestinian market as culturally distinct and diverging from the Israeli market.

In 1997, the PA required that foreign companies selling goods in WB/G operate through a PA-registered local direct importer, distributor, or agent. While the USG broadly considers such agency/distributorship decisions to be commercial arrangements best made by the respective companies, it strongly supports Palestinian economic development and encourages direct commercial arrangements between Palestinian and U.S. companies when most practicable to the business parties concerned.

There are several small and mid-sized WB/G distributorships available for select U.S. food products, cigarettes, household products, computer equipment, medical supplies, and pharmaceuticals. Local distributors now import goods on their own account, carry limited stocks sufficient to satisfy immediate needs, and maintain their own sales organizations.

When concluding a representation agreement, U.S. companies should include the following elements:

- Contract duration;
- Exclusivity (if applicable);
- Compensatory amount as a function of contract duration, in case of termination of exclusivity;
- Promotional input by agent and volume of sales; and
- Dispute settlement mechanism, if possible.

The U.S. Commercial Service (CS) and U.S. Foreign Agricultural Service (FAS) at the U.S. Embassy in Tel Aviv and the U.S. Consulate General in Jerusalem provide agent/distributor search services for Gaza and the West

Bank, respectively, to assist U.S. companies in establishing themselves in the local market. Interested firms should contact the USG personnel listed at the end of this report.

Franchising

While the number of direct franchises is still very small, three U.S. fast food franchisers -- Checkers, Pizza Inn, and Popeye's -- have opened up in the WB/G over the past year. Pepsi Cola has had a bottling franchise in Gaza for several years, and more recently Coca-Cola has invested in a new bottling franchise for WB/G.

In addition there is great potential for other franchises in sectors including fast food restaurants, computer training, automotive supplies and service, hardware, garments, retailing, and office supplies.

As with agency/distributorship arrangements, the USG supports the expansion of the Palestinian economy in the WB/G and the deepening of bilateral commercial relations through direct franchise arrangements between Palestinian and U.S. companies.

The key to successful franchising in WB/G will be cost competitiveness in relation to comparable items, brand recognition, strong management and marketing, and initial and ongoing training programs. Due to the relatively small local population, the best franchising potential exists in sectors where specific dietary, language or usage patterns differ from those in neighboring countries.

U.S. companies that want to develop local franchising arrangements should contact the U.S. Commercial Service at the U.S. Embassy in Tel Aviv or the U.S. Consulate general in Jerusalem. (See Section V.)

Direct Marketing

Direct marketing in WB/G is currently not developed.

Joint Ventures/Licensing

Local Palestinian businesses are eager to develop joint venture arrangements. Larger local companies, particularly those with export experience, will be reliable partners for

U.S. companies. Several small-scale joint ventures with U.S. companies currently operate in WB/G, and discussions on a few larger collaborations are in progress.

The 1998 "Encouragement of Investment Law," which applies to both foreign and local businesses, establishes certain tax breaks and financial incentives for investments in specific industry sectors.

Steps in Establishing an Office

Given the complexity of jurisdictional authority between the PA and Israel, U.S. business should work both with local partners and the U.S. Embassy in Tel Aviv and/or U.S. Consulate General in Jerusalem.

Foreign companies wishing to conduct business in the WB/G have the same registration requirements as locally established companies. They must file copies of both their certificate of incorporation and memorandum and articles of association, all authenticated by the registrar of companies located where they are incorporated. These documents must be translated into Arabic. Registration fees for foreign companies are not the same as those for locally established companies. All new WB/G commercial enterprises must register with the PA Ministry of Justice, the Ministry of Economy and Trade, and the Customs Authority, as well as open income tax and value-added tax (VAT) accounts.

Selling Factors/Techniques

U.S. businesses should note the influence of a comparatively large formerly U.S.-based Palestinian community that has transferred American consumer preferences and buying habits to WB/G. These cultural and consumption links are important factors in local Palestinian knowledge of U.S.-made products. Although price is critical for successful sales in WB/G, local purchasers increasingly seek American quality, particularly for computers, electronic equipment, and consumer items.

Advertising and Trade Promotion

U.S. products face stiff competition from European, Israeli, and locally made goods. Competitively priced U.S. brand names are popular, particularly with middle and

upper-middle class Palestinian consumers. Most advertising is done through local Arabic newspapers, although an expansion of advertising through newly established Palestinian radio and television stations is possible. A few companies have begun billboard advertising, which should expand over the next few years. Advertising in WB/G is comparatively cheap by world standards: prime-time Palestinian radio time costs about \$35 per minute.

The USG, through the programs of the U.S. Commercial Service and Foreign Agricultural Service, organizes several trade events and catalog shows each year.

Major Newspapers and Business Journals:

Al Quds (Arabic daily)
Al Ayam (Arabic daily)
Al Hayat Al Jadida (Arabic daily)
Jerusalem Times (English weekly)

Local Television Stations:

PBC	(All PA)
Wattan	(Private Ramallah area)
El Mahed	(Private Bethlehem area)
Nablus	(Private Nablus area)
El Salam	(Private Tulkarem area)

Pricing Product

Price is a major factor affecting purchasing decisions by Palestinian companies and consumers. U.S. companies may want to gain market share by introducing products into the Palestinian market at locally competitive prices.

Sales Service/Customer Support

Both after-sales service and customer support are both important in the WB/G market. They are strong selling points for U.S. goods, as well. However, competitive pricing will remain the key to building a customer base.

Selling to the Government

The PA is beginning to develop a formal tendering and bid process for government contracts. U.S. companies with questions about transparency in bidding procedures for PA

contracts or having additional concerns about doing business in WB/G should contact one of the U.S. Commercial Service officers or other Commercial Service personnel listed in Appendix D at the back of this report. When in doubt, please contact these USG employees and local national employees at the U.S. Embassy in Tel Aviv or the U.S. Consulate General in Jerusalem.

Protecting Your Product from IPR Infringement

While WB/G do not have a modern intellectual property rights (IPR) regime in place, the respective authorities are well aware of the problem and are beginning to address the issues involved. The World Bank and other international donor organizations have developed and are conducting programs to promote awareness of the financial and trade benefits to be derived from observing IPR standards.

The legal regime with regard to IPR can be expected to change in the future as several donor countries and the World Bank are currently assisting in the development of a modern IPR law.

To date, 1967-era Jordanian laws concerning trademarks, patents, and designs are applicable in the West Bank.

In Gaza, the Palestinian Trademark and Patent Laws of 1938, adopted during the British Mandate, are applicable. The registration system under the two laws is very similar, and, despite the different authorizing legislation, there are few substantive differences between the West Bank and Gaza Strip laws.

In both WB/G, patent protection is provided for a period of 16 years from the date of filing the patent application. Furthermore, both systems allow compulsory licensing of anything already patented to be ordered if the "reasonable requirements" of the public under the applicable law have not been met. In Gaza, the novelty requirement for patenting may be met if the invention has not been previously published or used. In contrast, the novelty requirement in the West Bank is met if there has been no prior publication, use, or sale in the West Bank.

Trademark protection is available for registered trademarks for a period of seven years, which may be extended for

additional periods of 14 years. The prevailing laws in WB/G prohibit the registration of a trademark that is contrary to public morals.

Unpublished new and original designs may be protected under WB/G laws. Both applicable legal systems prohibit the registration of designs that are contrary to morality or public order. In Gaza, a registered design may be compulsorily licensed under certain circumstances. Compulsory licensing of designs is not allowed in the West Bank. U.S. firms should note that there is minimal enforcement of IPR laws in the WB/G.

Need for a Local Attorney

U.S. companies should seek professional legal and/or accountancy advice whenever engaged in complicated contractual arrangements in the WB/G. These activities include establishing an office, investing, or applying for IPR registration. Companies may also wish to seek legal assistance when encountering trade or payment problems. A list of local law firms is available from the U.S. Commercial Service offices.

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENTS

Note: Due to the incompleteness of existing data on leading sectors, data tables are not included in this section.

Best Prospects for Non-Agricultural Goods and Services

1 - Telecommunications Equipment (TEL)

In 1997 the PA issued regulations governing wire and radio communications in the WB/G, empowering the Ministry of Post and Communications to establish, manage, and operate wire and radio communications networks in the WB/G. Under the new law, all public wire and radio communication networks are subject to licensure. The Cabinet has the authority to grant a license by means of a franchise based on the Minister of Communication's recommendation.

The present telecommunications infrastructure in WB/G is inadequate to meet current demands for telephone services and requires upgrading.

Recognizing the need to mobilize sufficient capital to build a modern telecommunication system, Palestinian

investment companies in 1997 joined with approximately 8,000 investors to launch the Palestinian Telecommunications Company (Paltel) on the Palestinian Stock Exchange in Nablus. This development followed the November, 1996, PA decision to award Paltel an exclusive license to develop telecommunications infrastructure and digital cellular telephone services in WB/G.

Paltel, which is committed to open competition for service suppliers, seeks to offer value-added services like Internet and telephony. To date, it has issued tenders for wired and digital cellular telephone equipment and services in WB/G, signing supply and operating agreements with Nortel, Motorola, MCI-Worldcom, and Startec Global Communications. Interested U.S. telecommunications companies should contact the U.S. Embassy Commercial Section in Tel Aviv for more information.

2 - Franchising (FRA)

Good opportunities exist for hardware and automotive parts franchising, particularly with competitive pricing. In addition, a growing low-cost fast food sector, where American pizza parlors and hamburger and chicken chains such as Checkers, Pizza Inn, and Popeye's Fried Chicken are already popular among Palestinians, may attract American food franchisers looking to enter the WB/G market. Finally, there are good opportunities in the hospitality business, where the number of tourists is growing and expected to peak with "Year 2000" celebrations.

3 - Construction Equipment (CON)

A boom in private and public construction in the WB/G has fueled demand for raw materials. The public sector is engaged in World Bank- and donor country-funded infrastructure projects, while the private sector focuses on private housing projects and development. Good opportunities exist for cement, wood, steel, aluminum frames, and piping for water and sewage projects. One cement factory in Israel supplies the local market, with excess demand being met by imports from Egypt and Jordan.

4 - Automotive Parts and Service Equipment (APS)

A likely increase in Palestinian auto sales over the next five years will spur a need for a wide range of automotive parts and equipment.

Of particular interest to the local market are refurbished engines and other refurbished parts that are of good quality and competitively priced. Figures show that out of 144,967 passenger cars registered by the PA in 1997, only 2,557 were new cars.

5 - General Industrial Equipment/Supply (GIE)

Good opportunities exist for sales of new and refurbished equipment for key WB/G industries. Equipment is needed to upgrade the following industries with strong growth potential: food and beverage processing (39 percent of local manufacturing revenues), textiles and shoes (14 percent of manufacturing revenues and the base from which Israel sources about 45 percent of its textile production), stone quarrying and cutting, and pharmaceuticals. For cost considerations, many local manufacturers prefer high-quality refurbished plant equipment.

6 - Power Generation Equipment (ELP)

After nearly four years on the drawing boards, the PA recently contracted with U.S. power developer Enron Corporation to build a 140 MW power project in Gaza. U.S. companies have the kinds of equipment and services that make them competitive bidders in this multi-stage, multi-year project.

Current peak demand of 100 MW for the Gaza strip is expected to increase to 160 MW over the next two to three years, depending on levels of industrialization. The power station will be a land-based, dual-fuel system combining gas and steam turbine thermal power.

Electricity generation will be 50 Hz, with distribution voltage at 22 kV. A step-up sub-station will be used to increase the generation voltage to the transmission voltage of 132 kV.

In addition, a World Bank-funded electricity sector investment and management project begun in 1997 includes upgrading and rehabilitating parts of the West Bank distribution network, carrying out the terms of a private

distribution utility management contract, and providing technical assistance to the Palestinian Energy Authority.

7 - Processed Foods (FPP)

Although many food products in WB/G are imported from Israel, these are relatively expensive. Palestinian consumers know American brands and are willing to pay for good quality and internationally recognized names.

Good opportunities exist in snack foods, cereals, condiments, canned fruits and vegetables, sauces, and other foods that do not require refrigeration during transit.

8 - General Consumer Goods (GCG)

American consumer brands have an excellent reputation in WB/G.

Competitively priced products -- including household cleaning items, dental care goods, toiletries, and hair care products -- sold through a Palestinian distributor should do well in the local market, as comparable Israeli items are expensive.

9 - Agricultural Machinery and Equipment (AGM)

Agriculture accounts for at least 30 percent of WB/G GDP. Modern methods are gradually being introduced, bringing with them increased demand for modern agricultural equipment. In particular, American expertise in building and operating feed mills will be useful in WB/G, where local production accounts for only 10 percent of consumption.

10 - Computers and Office Equipment (CPT, CSF)

PA and municipal offices, as well as expanding private companies, need a full range of office equipment, including, but not limited to, computers, software, copiers, faxes, and supplies. The local market, particularly banks and other internationally oriented enterprises values American expertise in the computer and software field. Arabic software and keyboards should be included in proposed sales.

11 - Management Consulting Services (MCS)

WB/G public and private institutions seek a variety of consulting services for product development, quality control, marketing, setting up corporate administrative systems, financial analysis, and use of information systems technology. Several local firms provide these services, but demand is growing rapidly, particularly for municipal and PA offices. International donor financing of technical training should continue to promote demand for these services. U.S. consulting firms, already respected locally for their technical expertise, must offer competitive pricing to obtain public and private contracts.

Furniture (FUR)

Although only small quantities of American wood furniture have so far been imported into WB/G, its competitive pricing and good reputation for quality bode well for higher volume sales, especially for home furniture. Also, this sector may meet the needs of several new hotels under construction to service an expected "Year 2000" tourist boom.

Hotel & Restaurant Equipment (HTL)

Although priced higher than competing European products, American-made hotel and restaurant equipment enjoys a reputation for durability. Opportunities abound for a wide range of products like convection ovens, coffee machines, toasters, vacuum cleaners, and ice cube makers. In addition, several hotels under construction for the "Year 2000" celebrations are an appealing market for American suppliers looking to increase their regional market share.

New Cars

There are good opportunities for new car sales, including passenger vans and light trucks. Demand for new cars has been rising for the last few years since the PA disallowed the import of used cars from Israel.

Best Prospects for Agricultural Products

1 - Wheat and Feed Grains (HS Code: 1000.0000)

Only 10 percent of annual feed grain consumption is WB/G-based, so U.S. grain-milling exporters have ample

opportunity to supply feed for local poultry and livestock. Of the two large operating flourmills, one is in Gaza and the other in Ramallah on the West Bank; both sites offer excellent opportunities for U.S. wheat exports. In addition, a number of smaller mills, whose production does not exceed 10,000 metric tons (mt) per year, operate in WB/G. Eventually, these mills can be expected to satisfy the entire 250-300,000 mt annual demand of the PA.

By the terms of the Paris Protocol, Palestinian grain and meal purchasers, who generally seek low-cost sources, may import grain from anywhere, but only after consulting Israel's agricultural authorities.

2 - Rice (HS Code: 1006.000)

WB/G import 20-30,000 metric tons of rice annually. Competitive pricing by U.S. sources could make this an attractive market.

3 - Dried Legumes (HS Code: 0713.0000)

WB/G import about 40 percent of all Israeli imports of peas, beans, and other legumes. 1994 WB/G imports totaled: white beans: \$1.4 million; lentils: \$920,000; dried peas: \$368,000; and chickpeas: \$312,000.

4 - Processed Oils (HS Code: 1500.0000)

WB/G locally produce and use large quantities of olive oil, but not other processed oils favored by Palestinian consumers, so moderate prospects exist for importing soy, corn, sunflower, and rapeseed oils.

5- Sugar (HS Code: 1701.0000)

WB/G sugar imports are up from around 30,000 mt in 1996-97 because sugar is being transshipped from Jordan via the Jordanian port of Aqaba to avoid higher shipping/transportation costs via Israeli ports.

Major Investment Opportunities

The USG recognizes the major contribution that outward foreign direct investment -- increasingly viewed as a complement, or even a necessary component, of trade -- makes to the U.S. economy. American firms with overseas

operations account for about 60 percent of total U.S. exports, so the USG undertakes initiatives, such as Overseas Private Investment Corporation programs, investment treaty negotiations, and business facilitation programs, that support U.S. export promotion activities.

1 - Food and Beverage Processing and Packaging

A recent survey of local and foreign businesses indicates that this sector, comprising almost 40 percent of total WB/G revenues, shows excellent growth prospects. While agricultural products are plentiful in WB/G, local companies manufacture mostly refined products, such as sweets, cookies, and snack foods. Accordingly, opportunities for U.S. companies exist over the full range of fruit and vegetable canning and processing as well as frozen food preparation. Other opportunities include joint ventures to manufacture snack foods, cookies, and sauces.

Gulf and European markets provide a natural merchandising opportunity for U.S.-Palestinian joint venture food products.

2 - Pharmaceutical Production

Four of the largest, best managed, and most successful West Bank companies produce pharmaceuticals; they also have substantial ready capital for expansion. Some multinationals are already working with these and other companies under distributorship arrangements, which will likely develop into joint manufacturing agreements. Some West Bank pharmaceutical companies have shifted over to light cosmetic production, while others are penetrating overseas markets in the Gulf, Eastern Europe, and the former Soviet Union. Good joint-venture opportunities exist in this sector: local firms can benefit from U.S. quality-control techniques and new technologies, while offering relatively low wage structures.

3 - Building Materials

The building and construction materials industry, including stone and non-metallic minerals quarrying, employs 18 percent of all WB/G workers. A survey of local and international businesspeople rated this sector as having strong growth potential.

Stonecutting also rates high in international competitiveness and growth potential. Over 300 firms annually produce 250,000 square meters of cut stone with an estimated value of \$160 million. Housing and commercial construction should continue to grow along with private and public capital inflow.

4 - Light Assembly Technology

The relatively well-educated local Palestinian population should, with appropriate specialty training, contribute to a solid labor force for a wide variety of light assembly or electronics work. Many Palestinians have excellent computer/software training, and small computer programming firms already exist in Ramallah and Bethlehem. Opportunities also exist in assembling car parts (e.g., dashboards), light machinery, and electronic products.

5 - Hotel Construction and Upgrading

Tourism, particularly by diaspora Palestinians, is projected to increase over the next five years. Before 1967, Ramallah was an important regional summer resort and still has considerable potential for tourism development. Demand is estimated at slightly over 1 million tourists annually, including religious pilgrims, enough to maintain a viable industry. Visits to Bethlehem, by far the most important WB/G tourist site, are pegged at 2-3 million during special commemorations of Jesus' birth in 2000. Tourist expenditures in 1995 in the West Bank and Jerusalem were estimated at over \$150 million.

Business and pleasure travelers will probably not stay long in existing Palestinian hotels, which are mostly small and need upgrading. New hotels and motels need to be built. Hebron and Bethlehem have no international-standard hotel accommodations. Nablus has one new three-star hotel with 24 rooms, Bethlehem has two new three-star hotels with 244 rooms, and Ramallah has two new four-star hotels. While smaller hotels are probably suitable for these cities, West Bank areas near Jerusalem could support larger hotels to accommodate tourists. At present, two new hotels expected to meet international standards are under construction in Ramallah and Bethlehem.

6 - Plastics, Glass and China Housewares

Hebron is famous for glass production. Several small companies there and in other West Bank towns produce plastic and china products. Local pharmaceutical companies import bottles from Europe or Israel because comparable regional products are either expensive or of low quality.

Manufacturing and selling household and industrial glass, china, and plastic products in the region and the Gulf is a distinct growth area.

7 - Jewelry, Handicrafts, Ethnic Imports

WB/G are famous for olivewood, tiles and ceramics, mother-of-pearl, and needlework products.

With upgrading in design and quality, these products can be successfully marketed internationally. Small joint ventures with U.S. partners that focus on quality and developing ethnic designs, along with appeal to Western tastes, offer good investment opportunities.

CHAPTER VI: TRADE REGULATIONS AND STANDARDS

Import/export procedures for WB/G remain tied in large part to Israeli regulations. Ostensibly, the PA has primary control over imports into WB/G, with Israel retaining quantitative control over some imports in key industries such as dairy products. Most WB/G-bound products pass through Israeli ports and are subject to Israeli customs and security inspection. U.S. companies should work with Palestinian agents and/or the U.S. Embassy in Tel Aviv and U.S. Consulate General in Jerusalem to determine specific import/export requirements for their goods.

Trade Barriers: Tariffs, Non-Tariff Barriers, and Import Taxes

In accordance with duty-free arrangements between the U.S. and the PA, the PA does not impose tariffs on U.S. products.

The 1994 Paris Protocol provides that the PA not impose tariffs on goods of Israeli origin, but it does impose purchase taxes on many durable goods imported from other countries, generally at Israeli rates. Like Israel, the PA imposes a Value-added Tax (VAT) of 17% on all goods sold in

WB/G, whether imported or locally made. By the terms of Palestinian-Israeli agreements, VAT paid to Israel on WB/G-bound goods is rebated to the PA.

Customs Regulations

The PA does not impose customs tax on U.S. imports.

Import Licenses

Import Licenses for WB/G, when required, are issued by the PA. The importer must be a trader registered with the PA and must present a pro-forma invoice and certificate of origin.

The Paris Agreement mandates that the PA must inform the Israeli Ministry of Industry of each import request. While the PA may import some items freely, other items are subject to quantitative restrictions set forth in the Paris Agreement.

The importer is required to submit an application for an import license issued by the Ministry of Economy and Trade available through offices of the Chamber of Commerce. Upon approval, and after the application is stamped and signed, it becomes the import license. Each import shipment must also be authorized by the Ministry and so is subject to quota controls and labeling requirements. Depending on the product, it may also be subject to testing by the Israel Standards Institute.

In some instances of differing standards, Israeli standards authorities will defer to their Palestinian counterparts on the condition that the importer provides satisfactory assurance that the product(s) in question will remain inside the WB/G.

Israel imposes licensing requirements and quantitative restrictions on a wide range of foods and agricultural products. For example, total annual WB/G cheese imports are limited to 100 metric tons.

All health-related imports, such as food and pharmaceuticals, require approval by the Palestinian Ministry of Health, whose standards are the same as those in Israel.

Temporary Entry of Goods

The PA has not yet established specific provisions for temporary entry of goods. It is currently using Israeli regulations.

Import/Export Controls and Documentation

Some specific items entering WB/G, totaling approximately 15 percent of total imports, must be accompanied by a pro-forma invoice, packing list, a certificate of origin, and an import license request.

The remaining 85 percent of imported items may be imported directly with a permit from the relevant PA ministry. U.S. exporters should check with relevant personnel at the U.S. Embassy in Tel Aviv or the U.S. Consulate General in Jerusalem regarding specific items.

For exports, the PA requires an invoice and a certificate of origin signed by the local Chamber of Commerce and the Ministry of Economy and Trade.

Permission to export is virtually automatic. However, Israeli security controls apply to Palestinian goods.

No further documentation is required to transit the Allenby Bridge into Jordan and the Rafah Crossing into Egypt, but security checks apply. Goods transiting Israeli ports do require Israeli port documentation.

Labeling and Marking Requirements

Goods entering WB/G may be subject to marking and labeling requirements in order to prevent leakage back into Israel. Some goods such as cigarettes and laundry powders now have Arabic or Arabic/English stamps labeled "Only for sale in the West Bank and Gaza." U.S. businesses should check with a Palestinian importer for exact specifications.

As of January 1, 1997, all products imported or brought into WB/G must carry labels in Arabic in addition to the original labels. The labels must carry information on the product ingredients, production and expiry dates, and consumer warnings for hazardous products such as cigarettes and inflammable materials.

Prohibited Imports

Although the PA has no published import prohibitions, U.S. companies should check with local Palestinian distributors to see if restrictions apply in certain cases (e.g., food products, firearms, etc.).

Standards

The PA has pledged to apply international standards requirements (e.g., ISO 9000 usage) to all imports. Currently, the PA uses Israeli standards codes for the import of all products that could affect health (e.g., food, especially meat; and pharmaceuticals). Most standards testing is conducted in Israeli labs, although the Palestinian Ministry of Health has begun to institute some testing procedures of its own. Concrete and construction materials as well as some food products are being tested at Bir Zeit University.

Free Trade Zones/Warehouses

The PA, Israel, and the international donor community are establishing industrial zones in WB/G to stimulate local economic activity and employment. Efforts are focused on a pilot zone, the Gaza Industrial Estate (GIE) at Qarni/Al Muntar. The GIE, which was inaugurated in November, 1998, will initially house export-oriented industries.

With the help of donor countries, the PA is developing investor-friendly industrial zone regulatory and investment incentive regimes.

In the future, several additional zones may be established containing 200,000-600,000 square meters of industrial and commercial construction space and, when fully developed, employing 5,000 to 10,000 workers.

The management of the zones will probably offer investment-incentive and tax-relief packages. In Tulkarem, the USG plans to support the creation of a High Technology Development Park that would develop links with the nearby Israeli high technology sector.

Special Import Provisions

The PA has no special import provisions.

Membership in Free Trade Arrangements

In October, 1996, President Clinton signed a proclamation granting duty-free import status to items produced in or imported from WB/G.

The European Union has a preferential trade agreement with WB/G similar to that of the U.S. Generalized System of Preferences program. The PA has more restrictive trade agreements with Jordan and Egypt.

Under the terms of the Paris Protocol, there are no restrictions on trade between WB/G and Israel. However, WB/G exports entering Israel face significant barriers, principally as a result of Israeli security measures.

CHAPTER VII: INVESTMENT CLIMATE

Openness to Foreign Investment

The PA places a high priority on encouraging foreign investment in WB/G to promote growth, reduce unemployment, and support the reconstruction efforts begun in 1994. The current PA Investment Encouragement Law ("1998 Investment Law" or "the Investment Law") guarantees the repatriation of foreign capital and prohibits expropriation and nationalization of approved foreign investments. No restrictions govern foreign currency accounts or official currency transfer policies.

All new foreign investment in WB/G must be registered with the PA and approved by the relevant ministry/ministries. PA corporate income tax rates have been reduced retroactively, effective from January 1, 1999, from 38.5 percent to 20 percent of net profit. PA personal income taxes have also been reduced to four brackets with rates of 5, 10, 15, and 20 percent.

The 1998 Investment Law provides exemption from taxes and other incentives for PA-approved domestic and foreign investment. To benefit from these incentives, investors must apply to the Palestinian Agency for Investment Promotion and present a completed investment application and feasibility study to the Agency. Approval is automatic if the Agency does not issue a rejection within 30 days of submission.

Certain investment categories require PA Council of Ministers pre-approval: weapons and ammunition, aviation

products and airport construction, electrical power generation/distribution, reprocessing of petroleum and its derivatives, waste and solid waste reprocessing, wired and wireless telecommunication, and radio and television.

The PA Investment Agency, whose Board of Directors is headed by the Minister of Economy & Trade, is composed of 13 public- and private- sector members. Interested U.S. investors should consult with the U.S Embassy and Consulate General personnel in Tel Aviv and Jerusalem, respectively, as well as relevant PA ministry officials regarding investment approval requirements.

Right to Private Ownership

The right to private ownership in Gaza is guaranteed by British Mandate law, as amended by regulations issued by the PA. Jordanian law in the West Bank, as amended by PA regulations, guarantees the right to private ownership. Foreigners must obtain permission from the PA before purchasing property in areas under PA civil authority and from the Israeli Matak (the former Israeli Civil Administration) before purchasing property in West Bank areas under Israeli control.

Protection of Property Rights

Property rights in Gaza are protected by PA-amended British Mandate law and in the West Bank by PA-amended Jordanian law. Property rights in Israeli-controlled areas of the West Bank are protected by Israeli Military Orders-amended Jordanian Law.

WB/G do not have a modern IPR rights regime. Applicable pre-1967 laws provide limited protection. The World Bank and PA are currently working together to prepare an updated law on intellectual property protection.

Performance Requirements/Incentives

Certain incentives apply to PA Investment Agency-approved investments:

--Investments whose value is between \$100,000 and \$1 million will be exempt from income tax for five years and be subject to income tax on their net profit at ten percent for an additional eight years;

--Investments whose value is between \$1 million and \$5 million will be exempt from income tax for five years and be subject to income tax on their net profit at ten percent for an additional twelve years;

--Investments whose value is \$5 million and above will be exempt from income tax for five years and be subject to income tax on their net profit at ten percent for an additional 16 years; and

--Special projects recommended by the PA Investment Agency and approved by the Council of Ministers will be exempted from income tax for five years and be subject to income tax on their net profit at ten percent for an additional 20 years.

Transparency of the Regulatory System

The PA has not yet issued regulations on commercial investments, but such regulations are now being drafted with World Bank assistance.

Corruption

The Consulate General in Jerusalem and the Embassy in Tel Aviv have received reports of potential foreign and domestic investors being asked to provide inducement fees or to include well-connected persons in their business arrangements to help secure a contract. We have no reliable means of determining where or to what degree this kind of activity occurs. U.S. firms have not identified corruption as a major obstacle to WB/G investment, which has so far been limited mostly by concerns over regional political and economic uncertainties.

Labor

The relatively young and skilled Palestinian labor force in WB/G, of which twelve percent is female, currently totals 600,000. Many have trained in the West and are familiar with foreign business practices. Most work in construction (22 percent, followed by commerce/trade (18.3 percent), civil service (18.2 percent), manufacturing/quarrying (16

percent), and agriculture (12 percent). Prior to the Intifada in 1987, some 125,000, about 40 percent of Palestinians then employed, worked in Israel. Now, only about 70,000 work legally in Israel; a large number also work there illegally. According to IMF figures, unemployment in WB/G in 1998 was 14.5 percent.

WB/G wages, which average \$300 per month and rise to some \$350 per month if wages of Palestinians working in Israel are included, reportedly are more than twice what Jordanians make but only about one-fourth what Israelis earn. WB/G labor unions are splintered into over 150 smaller units, exercising only marginal power, while local trade unions act more as political organizations than as unions in the Western sense.

Efficiency of Capital Markets and Portfolio Investment

Several foreign banks, mostly Jordanian, have established WB/G branches, but financial services remain relatively undeveloped. Credit is limited by concerns over uncertain political and economic conditions in WB/G and limited availability of real estate collateral due to non-registration of most West Bank land. Correspondence and other international banking relationships are evolving. The PA permits foreign currency accounts, so some observers believe the WB/G will show strong growth in offshore banking services. The PA-established Palestinian Monetary Authority (PMA), which is responsible for bank regulation, has thus far exercised conservative and responsible management.

Palestinian Securities Exchange

In early 1997, the Palestinian Securities Exchange (PSE) started operations on a limited scale in the West Bank city of Nablus. During this trial period, while open for business only for a three-day trading week, 23 Palestinian companies were listed for trading. When in full operation, the PSE will regulate investment at large and act as a vital tool in jump-starting the Palestinian economy by attracting the local and foreign capital needed to finance Palestinian projects.

Conversion and Transfer Policies

The 1998 Investment Law guarantees investors the repatriation of all financial resources, including capital, profits, dividends, wages, and salaries. There are no other PA restrictions governing foreign currency accounts and currency transfer policies. U.S. investors should seek up-to-date information with relevant U.S. Embassy and Consulate General personnel in Tel Aviv and Jerusalem.

Expropriation and Compensation

The 1998 Investment Law prohibits expropriation and nationalization of approved foreign investments except for the pursuit of the public good, which shall be in return for fair compensation based on market prices and for losses suffered because of such expropriation.

Dispute Settlement

The 1998 Investment Law provides for dispute resolution between the investor and official agencies by binding independent arbitration or in Palestinian courts. There are currently no outstanding disputes involving American companies. We are aware of contract clauses referring dispute resolutions to the London Court of Arbitration.

Political Violence

Terrorist activity in the past has usually been directed at Israeli, not international or Palestinian targets. However, terrorist attacks against Israel have in the past almost always resulted in the sealing off (i.e., closure) of WB/G from Israel, which makes transferring goods and workers extremely difficult. The perceived potential for civil strife in the face of Palestinian economic and political frustration has caused concern among prospective international investors.

Bilateral Investment Agreements

The PA does not yet have bilateral investment agreements.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) provides a variety of services to qualified U.S. investors in

emerging economies and developing nations. During the early stages of investment planning, U.S. investors may contact OPIC for insurance against political violence, inconvertibility of currency, and expropriation, in the form of an insurance registration letter. OPIC insurance is not available after the investment has been irrevocably committed.

The World Bank's Multilateral Investment Guarantee Agency (MIGA), a private-sector agency offering risk insurance and investment guarantees similar to those of OPIC, is considering extending coverage to WB/G.

Foreign Direct Investment Statistics

The PA has not yet compiled a complete listing of foreign direct investment statistics. Limited foreign investment flows began in 1994-95, with the majority of funds coming from regional Palestinian investors. The largest foreign company in WB/G is the Palestine Development and Investment Company (PADICO), which has pledged at least \$200 million in investment. Key PADICO investors include diaspora Palestinians from Jordan, Great Britain, and the Gulf. PADICO has made significant investments in telecommunications, housing, the Gaza Industrial Estate, and the establishment of the PSE in Nablus. Another large Palestinian investment group active in WB/G with authorized capital of over \$100 million is the Arab Palestinian Investment Company (APIC), which is headquartered in the West Bank city of Ramallah.

CHAPTER VIII: TRADE AND PROJECT FINANCING

Brief Description of the Banking System

The PMA has the power and responsibility to regulate and implement monetary policies. It is sole holder and manager of the PA's and Palestinian public-sector entities' foreign currency reserves.

With seventeen commercial banks comprising over 70 branches now operating in WB/G, the local banking sector has undergone rapid growth since the establishment of the PA in May, 1994. Two foreign banks have returned to take up operations abandoned after the 1967 war, and a number of new Palestinian banks have been established and begun

operating. Three Israeli banks also maintain branches in the West Bank.

Cairo-Amman Bank, the largest bank operating in WB/G, has 17 branches and over 700 employees. It handles accounts for most PA ministries, including the Ministry of Finance, the Palestinian Economic Council for Development and Reconstruction (PECDAR), and the Ministry of Planning. It offers extensive overdraft privileges to the PA.

The Palestinian-owned Arab Bank, the largest in the Arab world, has six existing branches in WB/G. Arab Bank offers a wide array of international banking privileges and is highly regarded among the local and international business communities.

West Bank and Gaza banks routinely deal in the Israeli shekel and Jordanian dinar. Banks in WB/G may hold dollar accounts, and they are beginning to develop some offshore banking services.

Israeli shekels are preferred for operations, while Jordanian dinars are preferred for savings. To offer Israeli shekel accounts, local banks must maintain correspondence relationships with Israeli banks. Most local banks currently have a relatively conservative approach, primarily because the lack of legal remedies and absence of a commercial regulatory banking structure make it nearly impossible to recoup non-paying loans.

Local banks generally offer savings and checking accounts; some do either personal or commercial lending or both. The annual interest rate for Jordanian dinar loans is 11.5 to 12 percent (8-9 percent in interest with a 3.5 percent "service charge."), while Israeli shekel loans average about 14-16 percent annually. Savings account interest rates are relatively the same. Most commercial and private lending is done on a short-term basis, of one to three years and one to four years, respectively, with shorter terms the norm. Firms often must put up the full amount of the loan -- or more -- as collateral.

Foreign Exchange Controls

Under the terms of the Interim Agreement, the PMA authorizes foreign exchange transactions within the WB/G. West Bank banks must use the Bank of Israel (shekels) and

Central Bank of Jordan (dinars) for all foreign exchange transactions. The New Israeli Shekel (NIS) circulates in the area, and so this currency, too, is a legal means of payment.

General Financing Availability

As noted above, local bank credit is scarce due to both the lack of a legal code to enforce loan collection and generally conservative local banking practices. Most local businesses use their own capital to finance operations or else work with one of the European credit agencies described below. Some firms seek out international joint-venture partners.

How to Finance Exports/Methods of Payment

Most local importers use Letters of Credit. U.S. firms should use contractual arrangements to ensure fulfillment of payment obligations, particular when beginning a business relationship.

The U.S. Export-Import Bank (EXIM) offers insurance, loan, and guarantee programs to facilitate export financing of U.S. goods and services. Export financing through EXIM must be done with an obligor/guarantor from outside WB/G in a country with which EXIM has an agreement (e.g., Jordan). EXIM is currently performing a rating of the WB/G as a first step towards deciding whether to provide export financing without requiring an outside obligor/guarantor in the future.

Export credit insurance programs can be obtained from EXIM's Insurance Division. Two short-term (maximum 180 days) policies are designed for small new-to-export businesses. Each provide 95 percent of the commercial risk and 100 percent of the political risk involved in extending credit to U.S. exporters' overseas customers. The pre-export working capital program is administered in cooperation with the Small Business Administration (SBA).

EXIM also provides direct loans to foreign buyers of U.S. products and intermediary loans to fund commercial lenders who extend loans to creditworthy foreign buyers of U.S. capital goods and related services. These guarantees cover 100 percent of principal and interest.

SBA loan guarantees enable small U.S. exporters to obtain financing through commercial banks, usually short-term (i.e., 12-month) export working-capital loans for single transactions. SBA's international business trade loan program also offers small export-trading and export-management companies long-term financing to compete more effectively and to expand or develop export markets.

The Foreign Agricultural Service of the U.S. Department of Agriculture (USDA) administers the Market Promotion Program to help U.S. producers and other organizations finance promotional activities for U.S. products with funds from USDA's Commodity Credit Corporation. These funds can also be used for market research, consumer promotions, and technical assistance.

Project Financing

Project finance is available to U.S. investors from the following U.S. government agencies: OPIC, EXIM, and the Trade and Development Administration (TDA). The World Bank's International Finance Corporation (IFC) and the European Community's local development banks and credit agencies also provide project finance, although loans from the latter generally go to local Palestinian companies or to firms with a connection to European companies.

OPIC operates two major financing programs: direct loans and loan guarantees. American investors planning to share significantly in the equity and management of a venture in WB/G may use OPIC medium- to long-term financing (5-12 years). OPIC financing commitment to a new project cannot exceed 50 percent of the total project cost. OPIC loans usually range from \$100,000 to \$4 million. Interest rates vary according to the project's financial and political risk.

The OPIC loan guarantee program is available to all U.S. businesses regardless of size. OPIC issues commercial and political risk guarantees under which funding can be obtained from a variety of U.S. financial institutions. Typically, OPIC loan guarantees range from \$1 to \$25 million but may reach \$50 million. Interest rates are comparable to those of other USG-guaranteed issues of similar maturity.

As noted above, EXIM provides project finance in the form of direct loans, guarantees, or a combination of both through its new Project Finance Division, in which outside consultants are contracted to evaluate projects. These services are available to major U.S. suppliers and to project sponsors without access to bank or government guarantees. The equity investor must be both creditworthy and exposed to meaningful financial risk. The direct loan and/or guarantee can cover up to 85% of the contract amount. EXIM is committed to completing its evaluation and issuing a preliminary indication of willingness to finance a project within 45 days from the day all the required documentation is submitted with the application for financing.

The Trade and Development Administration (TDA) promotes economic development in developing countries by funding feasibility studies, consultancies, training programs, and other project-planning services. In 1994-95, TDA financed feasibility studies for a food-processing facility, a West Bank olive oil production facility, and a petroleum refinery in Gaza. TDA also organized and financed orientation visits to the U.S. for power and telecommunications officials from WB/G.

The International Finance Corporation (IFC) is the private sector arm of the World Bank, which was established to encourage private sector activities in developing countries. IFC provides loans, equity investments, guarantees, and stand-by financing.

Following the signing of the Declaration of Principles in September, 1993, the United States pledged \$500 million for assistance to the Palestinians over a five-year period. Of this, \$375 million was to be administered through U.S. Agency for International Development (USAID) programs, and the remaining \$125 million through OPIC-provided investment guarantees, as described above. The United States increased its pledge at the November, 1998, Donors' Conference in Washington following the signing of the Wye River Memorandum.

USAID funds activities and programs to increase private sector economic opportunities for Palestinians, encouraging broad-based growth by addressing key problems which hinder economic opportunities: small and micro-enterprise access

to financial services, access to markets, productivity and competitiveness of Palestinian firms, and the policy framework for private-sector development. Improving private sector opportunities to achieve increased employment and incomes will help build support for the peace process and provide a stable foundation for long-term prosperity.

List of Banks with Correspondent U.S. Banking Arrangements

The Cairo-Amman Bank has a correspondence relationship with Citibank, and Arab Bank has arrangements with a large number of U.S. banks.

CHAPTER IX: BUSINESS TRAVEL

Business Customs

Business in WB/G is personal and family-oriented, built on trust and long-term relationships. However, this trend is slowly changing, and a recent business survey indicated that 60 percent of larger local businesses are non-family owned. WB/G businesspeople are pragmatic and generally apolitical. The owners of larger enterprises have international contacts and worldwide experience.

Although business orientation has in the past tended to be toward Europe and the Gulf, local entrepreneurs seek American partners because of their technical expertise and know-how. U.S. businesspeople who travel to the area should concentrate on building strong personal relationships with potential partners. It is customary to discuss plans over cups of strong Arabic coffee or tea, and you may often be invited to the family home or out for a restaurant meal.

Most major Palestinian businesspeople speak good English, although when negotiating contractual terms it is advisable to use a good translator, who might be a local attorney assisting with the deal.

Palestinians dress more formally than Israelis, usually in Western business suits. Business cards are always exchanged, and appointments can be made on short notice.

The normal workweek varies depending on the business, although most firms are closed on Fridays (Muslim holiday), even if the owner is Christian.

Christian-owned firms are also generally closed on Sundays.

Travel Advisory and Visas

Pursuant to the terms of the Declaration of Principles and the Interim Agreement, certain powers and responsibilities for the Gaza Strip and the West Bank have been transferred to the PA. Israel retains responsibility for external security and for internal security and public order of settlements and Israelis. Definitive information on entry and customs requirements, arrests, and other matters may not be available or may change without prior notice. Should questions arise in the West Bank, U.S. citizens may telephone the U.S. Consulate General in Jerusalem for assistance (telephone: 972-2-622-7230). For questions concerning the Gaza Strip, U.S. citizens may telephone the U.S. Embassy in Tel Aviv (telephone: 972-3-519-7575) or the U.S. Citizen Services Section directly (972-3-519-7524 or 519-7453 or 519-7454).

Entry Requirements: A valid passport, an onward or return ticket, and proof of sufficient funds are required for entry to Israel and Israeli-occupied areas. A no-fee three-month visa may be issued upon arrival and may be renewed. (Note: Visitors who plan to travel to Arab countries with no diplomatic relations with Israel may request that their Israeli entry visas be stamped on a separate form at the port of entry). Anyone refused entry or who has experienced difficulties with his/her visa status during a previous visit, or who has overstayed a visa, can obtain information from the Israeli Embassy or nearest consulate regarding the advisability of attempting to return to Israel. Permission must be obtained from Israel for anyone attempting to claim the status of a returning resident in WB/G. At present, U.S. citizens may enter and exit WB/G on a U.S. passport without obtaining visas from either Israel or the PA. While travel to and from the West Bank is fairly free and open, only cars with special permits are allowed to cross the checkpoints into Gaza. Private vehicles frequently encounter long delays entering or leaving Gaza.

International crossing points now in operation between Israel and Jordan are at Arava (Wadi Al-Arabah) Crossing in the south and the Jordan River Crossing (Sheikh Hussein Bridge) in the north. American citizens using these two crossing points can obtain visas at the border. According to an agreement between the Jordanian and Israeli governments, border crossings in both directions in private vehicles have been permitted since May, 1996. Crossing procedures for the Allenby Bridge, linking Jordan and the West Bank, remain unchanged. Prior visa application and bridge-crossing permits are required, however, to cross the Allenby Bridge.

Procedures for crossing into Jordan are subject to frequent changes. Travelers wishing the most up-to-date border-crossing information should contact the U.S. Embassy in Tel Aviv or the U.S. Consulate General in Jerusalem. For further entry information, travelers may wish to contact the Embassy of Israel, 3514 International Drive, N.W., Washington, D.C. 20009, telephone (202) 364-5500, or the Israeli Consulate General in Los Angeles, San Francisco, Miami, Atlanta, Chicago, New Orleans, Boston, New York, Philadelphia, or Houston.

Holidays

The following dates are observed as Muslim holidays in WB/G.

The Consulate General in Jerusalem is closed on these holidays.

January 7, 2000	Eid Al Fitr (Moslem Feast ending
fasting	month of Ramadan) Note:
U.S. Embassy remains open.	

March 16	Ed El Adha (Moslem Feast of the
Sacrifice)	
Note: U.S. Embassy remains open.	

The following dates are observed as Jewish and American holidays by the American Embassy in Tel Aviv. The Consulate General in Jerusalem is also closed on these holidays.

December 31	New Year's Day Observed
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January 17	Martin Luther King's Birthday
February 21	President's Day
April 20	*Passover (First Day)
April 26	*Passover (Last Day)
May 10	*Independence Day (Israeli)
May 29	Memorial Day
June 9	*Shavuot (Pentacost)
July 4	Independence Day (American)
September 4	Labor Day
September 30	*Rosh Hashanah (New Year-1 st Day)
October 1	*Rosh Hashanah (New Year-2 nd Day)
October 9	*Yom Kippur (Day of Atonement)
October 9	Columbus Day
October 14	*Succot (Feast of the Tabernacles)
October 21	*Simhat Torah (Rejoicing of the Law)
November 10	Veterans Day
November 23	Thanksgiving
December 25	Christmas

* Israeli Holidays: All businesses in Israel are closed.

Jewish holidays begin at sunset the day before. Many Israeli businesses close for the duration of Passover (7 days) and Succot (8 days).

Business Infrastructure

Language

All Palestinians speak Arabic. Most heads of larger companies and many other Palestinians speak good English.

Transportation

U.S. business visitors should use one of the several taxi services in Jerusalem for travel in Jerusalem and the West Bank. For long-term stays, business visitors may want to rent a car.

Travel to and from Gaza is time-consuming; business visitors should allow a full day for travel and meetings there. Most visitors hire a taxi in Tel Aviv or Jerusalem to travel to the Erez crossing point into Gaza, and then have a local Gaza contact send a car for pickup on the Gaza side. Israeli security authorities do not permit most Israeli and West Bank vehicles to enter Gaza.

Communications

Telephone and fax connections within WB/G are adequate.

Many PA ministries and businesses use cellular telephones. While short-term cellular phone rental is available for business visitors, be advised that cellular phone coverage in Gaza is spotty.

Hotels and Restaurants

There is a good selection of hotels and restaurants in Jerusalem and a wide variety in Tel Aviv. Hotels in the WB/G are generally not up to international business standards.

Most WB/G restaurants serve traditional Palestinian food. Several new American and international-style restaurants have recently opened in Gaza, Ramallah, and Bethlehem.

Since the establishment of the PA, a number of new and pleasant restaurants have sprung up along the Gaza shore. Although visitors should take care to ensure that local restaurants have good refrigeration in the summer, most restaurants that U.S. businessmen will visit observe acceptable health standards.

Medical Facilities

Medical facilities exist in the WB/G.

Travelers can find information in English about emergency medical facilities and after-hours pharmacies in *The Jerusalem Post* newspaper. Most doctors and hospitals expect immediate cash payment for services. U.S. medical insurance is not always valid outside the U.S., so supplemental medical insurance with specific overseas coverage is a useful investment. Travelers can obtain additional health information from the "International Travelers Hotline" of the Center for Disease Control: (404) 332-4559.

APPENDIX A: BASIC DATA

--Population:	2,895,683
--Population Growth Rate:	3.9%
--Religions: & other 10%	Islam 90%, Christianity
--Government:	Self-governing Authority
--Languages: at senior business/government level	Arabic; English spoken
--Work Week: afternoon	Saturday - Thursday

APPENDIX B: DOMESTIC ECONOMY

Please note that macroeconomic data for WB/G is sketchy, so not all categories of interest to U.S. businesses are included in this report.
Figures are millions of U.S. dollars, except where noted.

<u>Item</u>	<u>1998</u>
GDP	3,600
GNP	4,830
GDP Growth Rate	3%
GNP Growth Rate	5%
GDP Per Capita	1,387
Inflation	9.7% (estimate)
Unemployment/Underemployment	25.15%
Foreign Exchange Reserves	N/A
Average Exchange Rate (for USD 1.00)	4.24 Israeli shekels

Debt Service Ratio N/A

U.S. Economic Assistance 1998: \$75 million

APPENDIX C: TRADE DATA

Note: The following estimated figures are based on information provided by the Government of Israel and the PA.

Figures are millions of U.S. dollars, except where noted.

<u>Item</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Total Exports 381	344	473	340	
Total Imports 2,017	2,164	1,373	1,909	
Trade Balance 1,677	-1,028 -1,783	-	1,436	-
U.S. Exports N/A	N/A	N/A	N/A	
U.S. Imports N/A	N/A	N/A	N/A	

APPENDIX D: PALESTINIAN AUTHORITY & LOCAL CONTACTS

Palestinian Authority Agencies

* Please note that in most cases it is better to contact Palestinian Authority offices by fax or telephone rather than by letter.

Ministry of Economy & Trade

P.O. Box 1629

Ramallah, West Bank

Contact: Mr. Maher Al-Masri, Minister

Mr. Maher Al Kurd, Deputy Minister

Tel: 972-2-2981214 /5/6

Fax: 972-2-2981207

Ministry of Industry
P.O. Box 1629
Ramallah, West Bank
Contact: Mr. Saadi Krunz, Minister
 Mr. Jawad Naji, Undersecretary
Tel: 972-2-2987641/2
Fax: 972-2-2987640

Palestinian Economic Council for Development &
Reconstruction (PECDAR)
P.O. Box 1629
Dahyyet El-Bareed, West Bank
Contact: Dr. Mohammad Shtayyeh, Managing Director
Tel: 972-2-2347040/2/3
Fax: 972-2-2449032

Ministry of Finance
P.O. Box 4007
Gaza
Contact: Mr. Mohammed Zuhdi Nashashibi, Minister
Tel: 972-7-2829243/4 or 972-7-2863994
Fax: 972-7-2820696 or 972-7-2822853

Ministry of Tourism & Archeology
P.O. Box 534
Bethlehem, West Bank
Contact: Mr. Mitri Abu Aita, Minister
Tel: 972-2-2741581
Fax: 972-2-2743753

Ministry of Transportation
P.O. Box 246
Ramallah, West Bank
Contact: Dr. Ali El-Qawasmi, Minister
Contact: Mr. Mohammad Al Qawasmeh, Director General
Tel: 972-2-2955560/2986944/5/7
Fax: 972-2-2951901

Ministry of Planning & International Cooperation
P.O. Box 4017
Gaza
Contact: Dr. Nabil Sha'th, Minister
Contact: Dr. Majdi Al Khaldi, Director General
Tel: 972-7-2829260 or 2829033 or 2868971
Fax: 972-7-2824090

Ministry of Housing

P.O. Box 4034

Gaza

Contact: Dr. Abd Elrahman Hamad, Minister

Contact: Dr. Mohammad Salim Zeyarah, Director General

Tel: 972-7-2822233/4

Fax: 972-7-2822235

Ministry of Agriculture

Abu Khadrah Building

Gaza

Contact: Mr. Hikmat Zeid, Minister

Contact: Dr. Mahmoud Abu Samra, Director General

Tel: 972-7-2829123/4/5/6

972-7-2863924/3/6

Fax: 972-7-2863926

Ministry of Postal Services & Telecommunications

Jericho, West Bank

Contact: Mr. Imad Elfalugi, Minister

Tel: 972-2-2323211 or 972-2-2322514 or 972-2-2322633

Fax: 972-2-2322233 or 972-2-2322499

Ministry of Environment

Ramallah, West Bank

Contact: Dr. Youssef Abu Saffieh, Minister

Tel: 972-7-2822000

Fax: 972-7-2823000

Bethlehem 2000 Project Authority

Bethlehem, West Bank

Contact: Dr. Nabil Kassis, Minister

Tel: 972-2-2742224

Fax: 972-2-2742227

Civil Aviation Department

P.O. Box 4043

Gaza

Contact: Mr. Fayez Zaidan, Director General

Tel: 972-7-2822800

Fax: 972-7-2821309

Palestinian Energy Authority
 P.O. Box 3591
 El-Bireh, West Bank
 Contact: Mr. Abdul Rahman Hamad, Chairman
 Tel: 972-2-2986190 or 972-2-2986192
 Fax: 972-2-2986191
 Gaza: 972-7-2824849
 Trade Associations and Chambers of Commerce

The World Trade Center
 P.O. Box 1038
 Gaza
 Contact: Mr. Jihad Alwazir, Director
 Tel: 972-7-2825404
 Fax: 972-7-2825414

Federation of Palestinian Chambers of Commerce, Industry &
 Agriculture
 P.O. Box 54107
 Jerusalem
 Contact: Mr. Abdel Ruhman Abu Leil, Secretary General
 Tel: 972-2-6280727
 Fax: 972-2-6280644

Palestinian Businessmen's Association
 Palestinian American Chamber of Commerce
 Gaza
 Contact: Mr. Mohammad Yazeji, Chairman
 Tel: 972-7-2822893
 Fax: 972-7-2823627

Bethlehem Chamber of Commerce & Industry
 P.O. Box 59
 Bethlehem, West Bank
 Contact: Mr. Munther Bandak, President
 Mr. Khalil Shoket, Manager
 Tel: 972-2-2742742
 Fax: 972-2-2741327

Hebron Chamber of Commerce
 P.O. Box 272
 Hebron, West Bank
 Contact: Mr. Hashim El Natsheh, President
 Contact: Mr. Maher El Haimouni, Secretary General
 Tel: 972-2-2228218 or 2227491

Fax: 972-2-2227490

Jericho Chamber of Commerce, Industry & Agriculture
P.O. Box 91
Jericho, West Bank
Contact: Mr. Kzeam Moaqet, Manager
Tel: 972-2-2323313
Fax: 972-2-2322394

Nablus Chamber of Commerce & Industry
P.O. Box 35
Nablus, West Bank
Contact: Mr. Ma'az Nabulsi, President
Contact: Mr. Taj Eddin Bittar, Secretary General
Tel: 972-9-2380335 or 972-9-2379615
Fax: 972-9-2377605

Ramallah Chamber of Commerce
P.O. Box 256
Ramallah, West Bank
Contact: Mr. Mohammad Amin, Chairman
Contact: Mr. Salah El-Odeh, Secretary General
Tel & Fax: 972-2-2955052 / 972-2-2956043

Palestinian Chamber of Commerce
P.O. Box 33
Gaza
Contact: Mr. Mohammad Al Qudweh, President
Contact: Mr. Nu'man Youssif Deeb, Deputy
Tel & Fax: 972-7-2864588 / 972-7-2821172

Hebron Business Forum
Hebron, West Bank
Contact: Mr. Mohammad Tamimi, Director
Tel: 972-2-2226787
Fax: 972-2-2224068

Palestinian American Chamber of Commerce
Ramallah, West Bank
Contact: Mr. Ihab Jabari, Manager
Tel: 972-2-2984632
Fax: 972-2-2984633

Higher Council for The Arab Tourist Industry
P.O. Box 19850
Jerusalem
Contact: Mr. Hani Abu-Dayyeh, Chairman
Tel: 972-2-6281040
Fax: 972-2-5818178

Market Research/Business Consulting Firms

DAI: Market Access Program (MAP)
P.O. Box 54807
Ramallah, West Bank
Contact: Mr. Jim Winkler, Director
Tel: 972-2-2987187
Fax: 972-2-2959220

Capital Management Group
Ramallah, West Bank
Contact: Mr. Osama Tarazi
Tel & Fax: 972-2-298-0080

Ernst & Young International
P.O. Box 1373
Ramallah, West Bank
Contact: Mr. Hanna Quffa, Resident Representative
Tel: 972-2-2980080

Arthur Andersen
P.O. Box 851
Ramallah, West Bank
Contact: Mr. Kamel Hussein
Tel: 972-2-2986056/7
Fax: 972-2-2986058

DATA - Studies & Consultation
P.O. Box 486
Bethlehem, West Bank
Contact: Mr. Samir Hazboun, Director
Tel: 972-2-2743343
Fax: 972-2-2743369

Global Management Consulting Group
 P.O. Box 2429
 Ramallah, West Bank
 Contact: Mr. Nael Shabaro, Director
 Tel: 972-2-2958771
 Fax: 972-2-2958772
 Bir Zeit University
 Continuing Education Department
 P.O. Box 14
 Ramallah, West Bank
 Contact: Mrs. Haifa Baramki, Director
 Tel & Fax: 972-2-2956229

Massar Associates
 P.O. Box 1167
 Ramallah, West Bank
 Contact: Mr. Bashar Masri, Director
 Tel: 972-2-2985624
 Fax: 972-2-2959110

Mashreq for Research & Studies
 P.O. Box 543
 Ramallah, West Bank
 Contact: Mr. Fawwaz Abboushi, Director
 Tel & Fax: 972-2-2955393

Development Research Center
 P.O. Box 23
 Gaza
 Contact: Ala'a Eddin Shawa
 Tel: 972-7-2869887 or 2824275
 Fax: 972-7-2821820

Bethlehem University
 Business Development Center
 P.O. Box 9
 Bethlehem, West Bank
 Contact: Mr. Hanna Sahar, Director
 Tel & Fax: 972-2-2745559

Commercial Banks

Arab Bank
 P.O. Box 1476
 Al Harajeh Building

Ramallah, West Bank
 Contact: Mr. Shukri Bishara, Regional Director
 Tel: 972-2-2954816/17/18/19
 Fax: 972-2-2982444

Bank of Jordan
 P.O. Box 1829
 Ramallah, West Bank
 Contact: Mr. Yahya Kadamani, Regional Director
 Tel: 972-2-2952694/5/6/7/8
 972-2-2958686
 Fax: 972-2-2958684

Cairo Amman Bank
 P.O. Box 1870
 Ramallah, West Bank
 Contact: Mr. Mahmoud Takrouri, Regional Director
 Tel: 972-2-2955435/6
 972-2-2985790/91/92
 Fax: 972-2-2955437

Commercial Bank of Palestine
 P.O. Box 1799
 Ramallah, West Bank
 Contact: Mr. Khaled Al Gabeesh, Director
 Tel: 972-2-2954141
 Fax: 972-2-2953888
 972-2-2954145

Bank of Palestine
 P.O. Box 50
 Omar El-Mukhtar Street
 Gaza
 Contact: Mr. Salem El-Shawa
 Tel: 972-7-2823272/3/4/5/6/7
 Fax: 972-7-2865667

ANZ Grindlays Bank (*No branches in Gaza*)
 Shuteira Street
 Nablus, West Bank
 Contact: Mr. Ahmad Tarifi, Regional Manager
 Tel: 972-9-2384555
 Fax: 972-9-2384563

Jordan-Gulf Bank (*No branches in Gaza*)
 Anabtawi Building

Nablus, West Bank
 Contact: Mr. Ibrahim Al Atrash, Regional Manger
 Tel: 972-9-2384402
 Fax: 972-9-2381953

The Housing Bank
 Rukab Building
 Ramallah, West Bank
 Contact: Mr. Abdul Rahman Saleh, Regional Manager
 Tel: 972-2-2986270-5
 Fax: 972-2-2986276

Palestine Investment Bank
 Omar Mukhtar Street
 Gaza
 Contact: Mr. Ali Hussein Suleiman
 Tel: 972-7-2825105
 Fax: 972-7-2822107

Union Bank (*No branches in Gaza*)
 Post Office Street
 Ramallah, West Bank
 Contact: Mr. Toufic Habash, Director
 Tel: 972-2-2986412
 Fax: 972-2-2986416

Arab Land Bank
 El-Bireh, West Bank
 Contact: Mr. Fouad Jabr, Regional Manager
 Tel: 972-2-2958421/2/3/4
 Fax: 972-2-2958425

Jordan National Bank (*No branches in Gaza*)
 Ramallah - Al Bireh, West Bank
 Contact: Mr. Hanna Ghattas, Regional Manager
 Tel: 972-2-2986370
 Fax: 972-2-2986372

Jordan Kuwait Bank (*No branches in Gaza*)
 Sufian Street
 Nablus, West Bank
 Contact: Mr. Bilal Abu Radi, Regional Manager
 Tel: 972-9-2377223
 Fax: 972-9-2377181

Arab Palestinian Investment Bank
 P.O. Box 1268 Al Harajeh Building

Ramallah, West Bank
 Contact: Dr. Samir Abdullah, General Manager
 Tel: 972-2-2982452
 Fax: 972-2-2982444
 Palestine International Bank
 P.O. Box 3636
 El-Bireh, West Bank
 Contact: Mr. Abdel Salam Abu Issa, Chairman
 Tel: 972-2-2987467
 972-2-2987197
 Fax: 972-2-2987148

British Bank (HSBC) (*No branches in Gaza*)
 P.O. Box 2067
 Ramallah, West Bank
 Contact: Mr. Albert Noursi, Director
 Tel: 972-2-2987802/3
 Fax: 972-2-2987804

International Organizations

UNSCO - United Nations Office of the Special Coordinator in
 the Occupied Territories (Office Headquarters in Gaza)
 Mailing Address:
 P.O. Box 490
 Government House
 Jerusalem 91004
 Contact: Mr. Terje Larson, Undersecretary General
 Tel: 972-2-5829962/3 or 972-7-2860074
 Fax: 972-2-5829716
 UNDP - United Nations Development Program
 Sheikh Jarrah - Jerusalem
 Contact: Mr. Oscar Fernandez Taronco, Deputy Administrator
 Tel: 972-2-6277337
 Fax: 972-2-6280089

UNRWA - United Nations Relief & Works Agency for Palestine
 Sheikh Jarrah - Jerusalem
 Contact: Mr. Peter Hansen, Division General
 Tel: 972-2-5890401
 Fax: 972-2-5322714
 Contact: Mr. Klaus Worm, Director
 UNRWA - Gaza
 Tel: 972-7-2822660

Fax: 972-7-2822327

IBRD - International Bank for Reconstruction and
Development
P.O. Box 54842
Jerusalem
Contact: Mr. Joseph Saba
Resident Representative
Tel: 972-2-2366500
Fax: 972-2-2366543

Appendix E. U.S. Embassy, U.S. Consulate General,
and Trade-related Contacts

Ann Bacher, Commercial Counselor
The Commercial Service
U.S. Embassy
71 Hayarkon Street
Tel Aviv 63903
Tel: 972-3-519-7585/7368
Fax: 972-3-510-7215
E-Mail: ann.bacher@mail.doc.gov

David N. Cohen, Commercial Officer
The Commercial Service
U.S. Embassy
71 Hayarkon Street
Tel Aviv 63903
Tel: 972-3-519-7528
Fax: 971-3-510-7215
E-Mail: david.cohen@mail.doc.gov

Corey D. Wright, Commercial Officer
The Commercial Service
U.S. Embassy
71 Hayarkon Street
Tel Aviv 63903
Tel: 972-3-519-7586
Fax: 972-3-510-7215
E-Mail: corey.wright@mail.doc.gov

Wajdi Odeh, Commercial Assistant for aviation,
construction, automotive, energy, electronics, franchising,
and textiles
The Commercial Service
71 Hayarkon Street

Tel Aviv 63903
Tel: 972-3-519-7586
Fax: 972-3-510-7215
E-Mail: wajdi.odeh@mail.doc.gov

Deborah R. Schwartz, Economic Counselor
Economic Section
U.S. Embassy
71 Hayarkon Street
Tel Aviv 63903
Tel: 972-3-519-7364
Fax: 972-3-510-1035
E-Mail: schwartzdr@state.gov

Timothy T. Beans, Contracting Officer
U.S. Agency for International Development (USAID)
Trade Tower
25 Hamered Street
Tel Aviv 68125
Tel: 972-3-511-4852
Fax: 972-3-511-4888
E-Mail: tbeans@usaid.gov

Tully Friedgut, Agricultural Specialist
Agricultural Section
U.S. Embassy
71 Hayarkon St.
Tel Aviv 63432
Tel: 972-3-517-4338
Fax: 972-3-510-2565
E-Mail: us_emb@netvision.net.il

Thomas Pomeroy, Regional Agricultural Counselor
(Responsible for WB/G, Egypt, Israel, Jordan, Syria, and
Lebanon)
Agricultural Section
U.S. Embassy
8 Kamal el-Din Street
Garden City
Cairo, Egypt
Tel: 202-3572388/9
Fax: 202-3563989
E-Mail: PomeroyT@fas.usda.gov

Dr. Hassan Ahmed, Regional Agricultural Attache
 (Responsible for WB/G, Egypt, Israel, Jordan, Syria, and
 Lebanon)
 Agricultural Section
 U.S. Embassy
 8 Kamal el-Din Street
 Garden City
 Cairo, Egypt
 Tel: 202-3572388/9
 Fax: 202-3563989
 E-Mail: agcairo@fas.usda.gov

Issa Noursi, Commercial Specialist for automotive, medical,
 environment, telecommunications, and general consumer goods
 Ground Floor
 19 Keren Hayesod Street
 Jerusalem 94188
 Tel: 972-2-625-4742, 972-2-625-4753, 972-2-625-5201
 Fax: 972-2-623-5132
 E-Mail: issa.noursi@mail.doc.gov

Assad Barsoum, Commercial Assistant for computers,
 financial services, food, and textiles
 Ground Hayesod Street
 19 Keren Hayesod Street
 Jerusalem 94188
 Tel: 972-2-625-4742, 972-2-625-4753, 972-2-625-5201
 Fax: 972-2-623-5132
 E-Mail: assad.barsoum@mail.doc.gov

Mr. Timothy Wilder, Economic Section Chief
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Overseas Private Investment Corporation (OPIC)
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Eastern U.S. Agricultural and Food Export Council, Inc.

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Mid-America International Agri-Trade Council

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Western U.S. Agricultural Trade Association

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Contact: Dr. Najam Q. Faizi

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APPENDIX F: MARKET RESEARCH

The U.S. Commercial Service in Tel Aviv and Jerusalem periodically publishes Industry Sector Analyses (ISAs), Short Sub-sector Reports (SSRs) and International Market Insights (IMIs), reports that may be of interest to many U.S. exporters. Recent titles include "The Israeli Apparel Market" (ISA), "Office

Furniture" (SSR), and "Ashdod and Haifa Port Development" (IMI). Please contact these offices to obtain the most current information.

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